

Postsecondary Registration: Limiting Diploma Mills

Chapter 261B, Code of Iowa (Registration of Postsecondary Schools) is intended to “provide protection for persons choosing institutions and programs by ensuring that accurate and complete information about institutions and programs is available to these persons and to the public.” The postsecondary registration process regulates which institutions may offer college courses and degrees within the State. This is how Iowa limits the operation of diploma mills within the State.

“Diploma mills (or degree mills) are substandard or fraudulent ‘colleges’ that offer degrees to students with little or no serious work. Some are simple frauds: a mailbox to which people send money in exchange for paper that purports to be a college degree. Others require some nominal work from the student but do not require college-level course work that is normally required for a degree.” (*Oregon Office of Degree Authorization*)

The following entities are involved in the postsecondary registration process:

- The **Secretary of State** is responsible for approving registration of postsecondary education institutions offering associate, bachelor, master, or doctoral degrees and maintaining a list of approved institutions.
- The **Iowa College Student Aid Commission** reviews applications for postsecondary registration to insure they meet statutory criteria for quality and renders a decision within 180 days of the application’s filing. The Commission is required to establish an advisory committee to make recommendations in this area.
- The **State Advisory Committee for Postsecondary School Registration** consists of the Secretary of State and

seven representatives from two- and four-year public and private colleges and universities and specialized vocational schools and advises the Secretary of State in the administration of Chapter 261B.

- The **Iowa Coordinating Council for Post-High School Education** is a 25-member board made up of higher education stakeholders. The Council provides voluntary cooperation and coordination among the various boards and institutions that are responsible for post-high school education in Iowa and advises the College Student Aid Commission.

Institutions Not Required to Register

Colleges and universities authorized by State law and other higher education institutions accredited by the North Central Association of Colleges and Secondary Schools accrediting agency before April 1, 1969, are exempt from registering with the Secretary of State.

Likewise, programs that do not call themselves colleges, universities, or academies are not required to register. For example, these would include: employee training programs; labor union apprenticeships; avocational and recreational training; professional, business or farming seminars; vendor training for purchasers of their products; and religious instruction for members of the religious organization.

Accreditation in the U. S.

The accreditation process is utilized to insure quality and legitimacy for college and university programs and degrees, to facilitate transfer of credit, to provide access to federal funds, and to insure private-sector confidence in academic programs.

In the United States, accreditation of colleges is done by regional and

specialized accrediting associations. The U.S. Department of Education (USDE) does not accredit colleges as is done by its ministry counterparts in many foreign countries. Instead, the USDE recognizes private, non-profit organizations to fulfill this function. The Council for Higher Education Accreditation (CHEA) is a private, nonprofit national organization that coordinates accreditation and recognizes accrediting agencies in conjunction with the USDE.

There are approximately 80 accrediting organizations in the United States that are recognized by CHEA and/or the USDE. These organizations accredit more than 6,800 institutions and 18,000 programs. There are four types of accrediting entities and three of these accredit entire institutions (CHEA):

More Information

Oregon Office of Degree Authorization (ODA):

http://www.osac.state.or.us/oda/diploma_mill.html

Bear, John. “The \$200 Million a Year Competitor You Didn’t Know You Had.”

http://www.degree.net/html/diploma_mills.html

Council for Higher Education Accreditation (CHEA)

<http://www.chea.org/>

U. S. Department of Education.

“Accreditation in the United States.”

<http://www.ed.gov/admins/finaid/accred/>

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- **Regional** – There are six regional accreditation organizations around the country that review and accredit institutions. Most of the institutions accredited are both degree granting and non-profit
- **Faith-Based** – Faith-based accreditors operate nationally and review religiously-affiliated or doctrinally-based institutions. All of the faith-based accredited institutions are degree-granting and non-profit institutions. All of the faith-based accredited institutions are degree-granting and non-profit.
- **Private Career** – Private career accreditors operate throughout the country and review institutions. Approximately one-fourth are degree-granting and nine-tenths are for-profit institutions. Many are single-purpose institutions, such as, business and information technology colleges.
- **Programmatic or Specialized** – Programmatic/specialized accreditors operate review programs in specific subject areas and some single-purpose institutions.

Diploma Mills

Diploma mills often operate from jurisdictions with weak laws or little enforcement. They use names that sound legitimate or are similar to legitimate colleges and universities. They rely heavily on credits for life experience. The Internet and development of online programs have made it easy for diploma mills to put up websites and appear legitimate. Their institution and program descriptions use much the same terminology as bona fide institutions. Diploma mills often purchase “accreditation” from accreditation mills – equally fraudulent organizations that provide further appearance of legitimacy.

Diploma mills can be fraudulent in two ways. First, they may cause unsuspecting consumers to spend time and money to obtain a degree that is essentially worthless. Second, the consumer may recognize the fraudulent nature of the degree, but may view it as an easy way to obtain credentials to use in the job market.

In the first case, the fraud is straight forward. The diploma mill operates a scam, and the consumer is genuinely fooled and does not receive value that was promised.

In the second, there is duplicity between the diploma mill and the “graduate” that in turn uses the diploma mill credential to mislead an employer or other members of the public. Some diploma mills maintain a telephone service to provide a “graduate” with verification of the degree if an employer calls.

Fraudulent degrees have costs. From a simple supply and demand perspective, to the extent that employees use diploma mill degrees to compete with legitimate degree-holders, the value of a college education is diluted. Employers rely on degrees to represent skill and achievement. Employees with fake degrees may not have the skills necessary for the job, and their employers may become financially liable for mistakes made by their employees with fraudulent degrees. Members of the public that rely on a business consultant, an engineer, or a lawyer with a fake degree may suffer losses from inappropriate advice.

Not all unaccredited schools are diploma mills. They may be new institutions seeking accreditation. They may be very poor quality and unable to obtain accreditation. Even accredited institutions vary greatly in quality, but accreditation does serve a gate-keeping function.

Oversight and regulation of higher education varies markedly from state to state. Some states have high standards and strong regulation, while others have lax standards or no enforcement capability. According to Oregon’s Office of Degree Authorization (ODA), “Idaho, Hawaii, Montana, Alabama, Wyoming, Mississippi and California have no meaningful standards, excessive loopholes or poor enforcement owing to local policy or insufficient staff.”

Oregon, on the other hand, has strict laws and strong enforcement. Oregon law not only prohibits diploma mills from operating within the state, it also

makes the use of an unaccredited degree by an individual a class B misdemeanor unless resumes, business cards, letterhead, advertisements, and other documentation referencing the degree contain a statement that the college does not have accreditation recognized by the USDE and is not authorized by the ODA. The Office of Degree Authorization maintains a website providing lists of accredited and authorized colleges and universities and of diploma mills.

It is difficult to determine the revenues received by diploma mills, but nationwide it has been estimated to be in excess of \$200.0 million annually, and a single profitable school could earn between \$10.0 and \$20.0 million. With degrees costing between \$3,000 and \$5,000, an estimated 40,000 to 67,000 diploma mill degrees are awarded annually. Between 1.8% and 3.0% of the new degrees awarded annually could come from diploma mills.

Diploma mills will sometimes register with the Secretary of State as a corporation, although not necessarily with the state’s higher education regulatory agency, in order to appear legitimate. Seven unaccredited colleges or universities listed by ODA or CHEA have had a corporate presence in Iowa.

Unaccredited Universities Registered with the Iowa Secretary of State		
University	Filings with the Sec. of State	
	1st Yr.	Last Yr.
Adam Smith University	1994	1998
American Global University	1997	1997
American International University	1997	1997
American University of London	1992	1994
American World University	1994	2007
Barrington University	1994	1996
Pacific Coast University	1992	1998

Most of these corporations were administratively dissolved by the Secretary of State for failure to file the required biennial reports.

During calendar 2008, the College Student Aid Commission authorized the State Advisory Committee on Postsecondary Registration to form the Postsecondary Registration Study Task Force to review postsecondary registration and renewal procedures and to recommend improvements. The project is currently underway.

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